

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 CIAE-00 COME-00 INR-11

LAB-06 NSAE-00 RSC-01 SP-03 STR-08 TRSE-00 SWF-02

CIEP-03 FRB-03 OMB-01 TAR-02 SS-20 NSC-07 L-03 H-03

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R 051339Z SEP 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3590

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EAGR, UK

SUBJECT: UK CONCERNS OVER SUGAR

REF: STATE 191577

BEGIN SUMMARY: THE BRITISH GOVERNMENT IS BECOMING
INCREASINGLY CONCERNED THAT ITS EFFORTS TO COPE WITH
THE SUGAR SHORTAGE IN THE UK WILL BE SERIOUSLY COMPLICATED
BY A DECISION BY THE US TO SUSPEND ITS SUGAR IMPORT
QUOTAS. THE BRITISH EMBASSY IN WASHINGTON IS CONSIDERING
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MAKING A FORMAL APPROACHES TO USDA AND STATE ON THIS

PROBLEM. END SUMMARY.

1. HMG HAS BEEN MAKING REASSURING STATEMENTS ABOUT SUGAR SUPPLIES, CLAIMING THAT THEY WILL SOON BE AVAILABLE TO BRITISH CONSUMERS AT "NORMAL" LEVELS AND THAT RATIONING WILL NOT BE NECESSARY. THESE STATEMENTS REFLECT THE GOVERNMENT'S SENSITIVITY, IN A PRE-ELECTORAL PERIOD, TO CRITICISM THAT IT HAS HANDLED THE SUGAR PROBLEM BADLY. SHELVES IN SUPERMARKETS ARE OFTEN EMPTY, AND THE PRICE OF SUGAR HAS BEEN RISING STEADILY. THE REASSURANCE IS ALSO DESIGNED TO HEAD OFF FURTHER PANIC BUYING. IN PRIVATE CONVERSATIONS, OFFICIALS ARE MUCH LESS OPTIMISTIC. THEY DO NOT SEE HOW THE UK WILL BE ABLE TO FIND ENOUGH SUGAR IN THE TIGHT WORLD MARKET TO SATISFY CURRENT DEMAND.

2. THIS IS THE BACKGROUND TO TWO SEPARATE, INFORMAL APPROACHES THAT WE RECEIVED ON SUGAR DURING THE PAST WEEK -- ONE FROM THE MINISTRY OF AGRICULTURE AND THE OTHER FROM THE DEPARTMENT OF TRADE. AN AGRICULTURE MINISTRY OFFICIAL EXPRESSED GRAVE CONCERN TO THE AGRICULTURE ATTACHE THAT IN THE EVENT THE US SUSPENDS SUGAR QUOTAS PRIOR TO END OF 1974, THE WORLD PRICE WOULD ESCALATE EVEN MORE RAPIDLY THAN AT PRESENT. OPEN COMPETITION BETWEEN THE US AND UK IN A TIGHT SUPPLY SITUATION WOULD ONLY FURTHER WORSEN THE PROBLEM, BRINGING NO RELIEF. FURTHER, THE SUSPENSION AT THIS TIME WOULD COMPLICATE UPCOMING UK NEGOTIATIONS WITH GUYANA AND AUSTRALIA. HE CONCLUDED BY STATING THAT HMG WASHINGTON EMBASSY OFFICIALS ARE CONTEMPLATING MAKING OFFICIAL APPROACHES TO USDA AND STATE IN AN ATTEMPT TO SEEK ALTERNATIVES TO QUOTA SUSPENSIONS.

3. A DEPARTMENT OF TRADE OFFICIAL EXPRESSED SIMILIAR CONCERNS TO ANOTHER EMBASSY OFFICER. THE SUSPENSION OF THE US QUOTAS, HE SAID, WOULD MAKE SUGAR RATIONING IN THE UK "ALMOST INEVITABLE".

4. THE TIMELY INFORMATION IN THE REFTEL WAS MOST HELPFUL TO US IN DEALING WITH THESE APPROACHES.
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Message Attributes

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